National Outlook

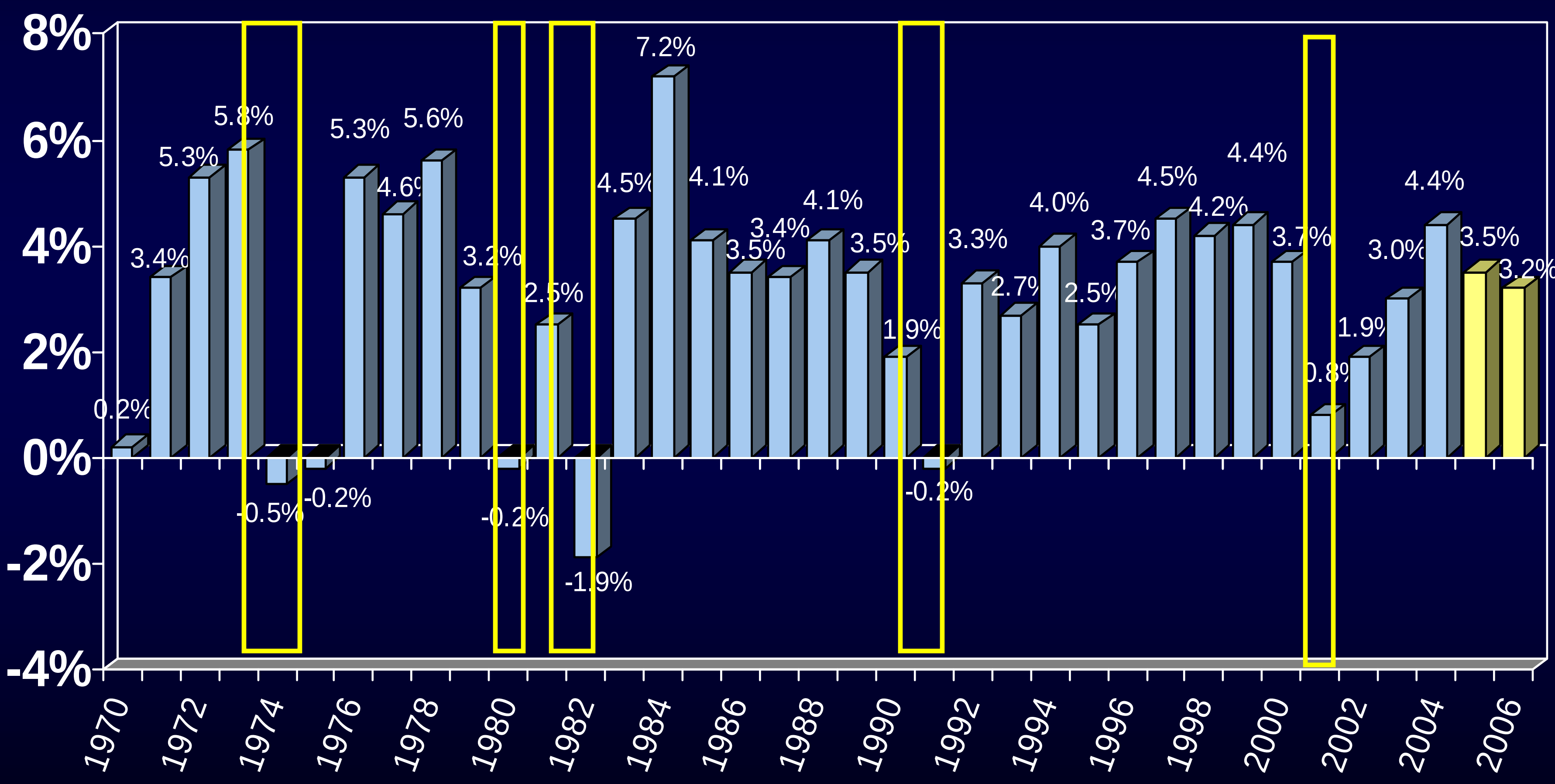
Finance Advisory Committee

Elliott D. Pollack & Company

December 19th, 2005

United States Real Gross Domestic Product*
Annual Growth 1970 - 2006**

Source: U.S. Bureau of Economic Analysis & *Blue Chip Economic Indicators*



* Based on chained 2000 dollars.

** 2005 - 2006 are forecasts from the Blue Chip Economic Indicators, September 2005

Recession Periods

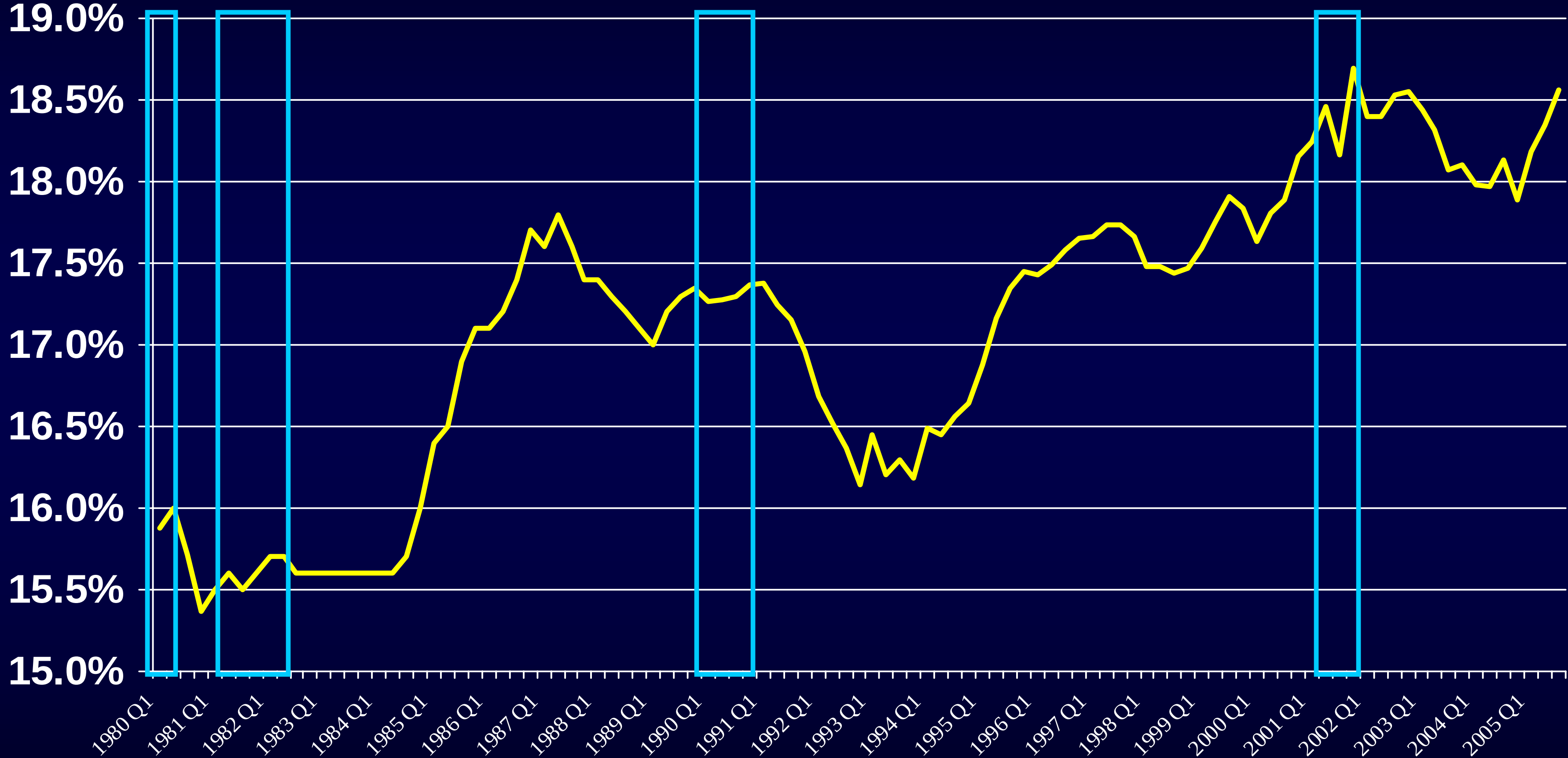
Consumer

Why consumers are still spending…

- Productivity growth → more output growth → more income growth.
- Inflation low compared to past four expansions → more real income growth.
- Low interest rates → housing demand.

Financial Obligation Ratio
1980 – 2005*

Source: Board of Governors, Federal Reserve Board

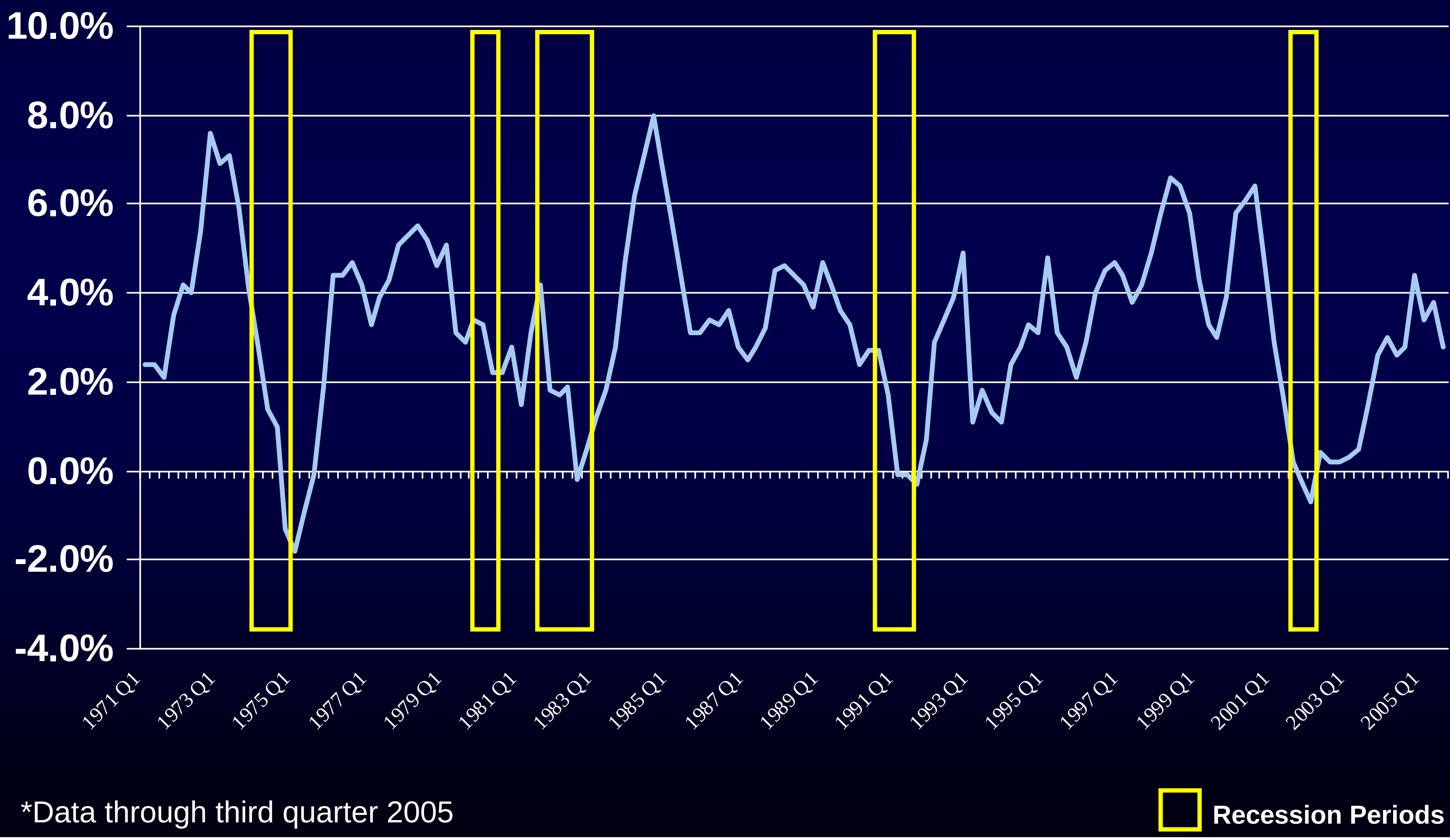


NOTE: The FOR includes debt service payments as a percent of disposable income. The FOR is a broader measure as it includes auto lease payments, rental payments, homeowner’s insurance and property taxes.
*Data through third quarter 2005.

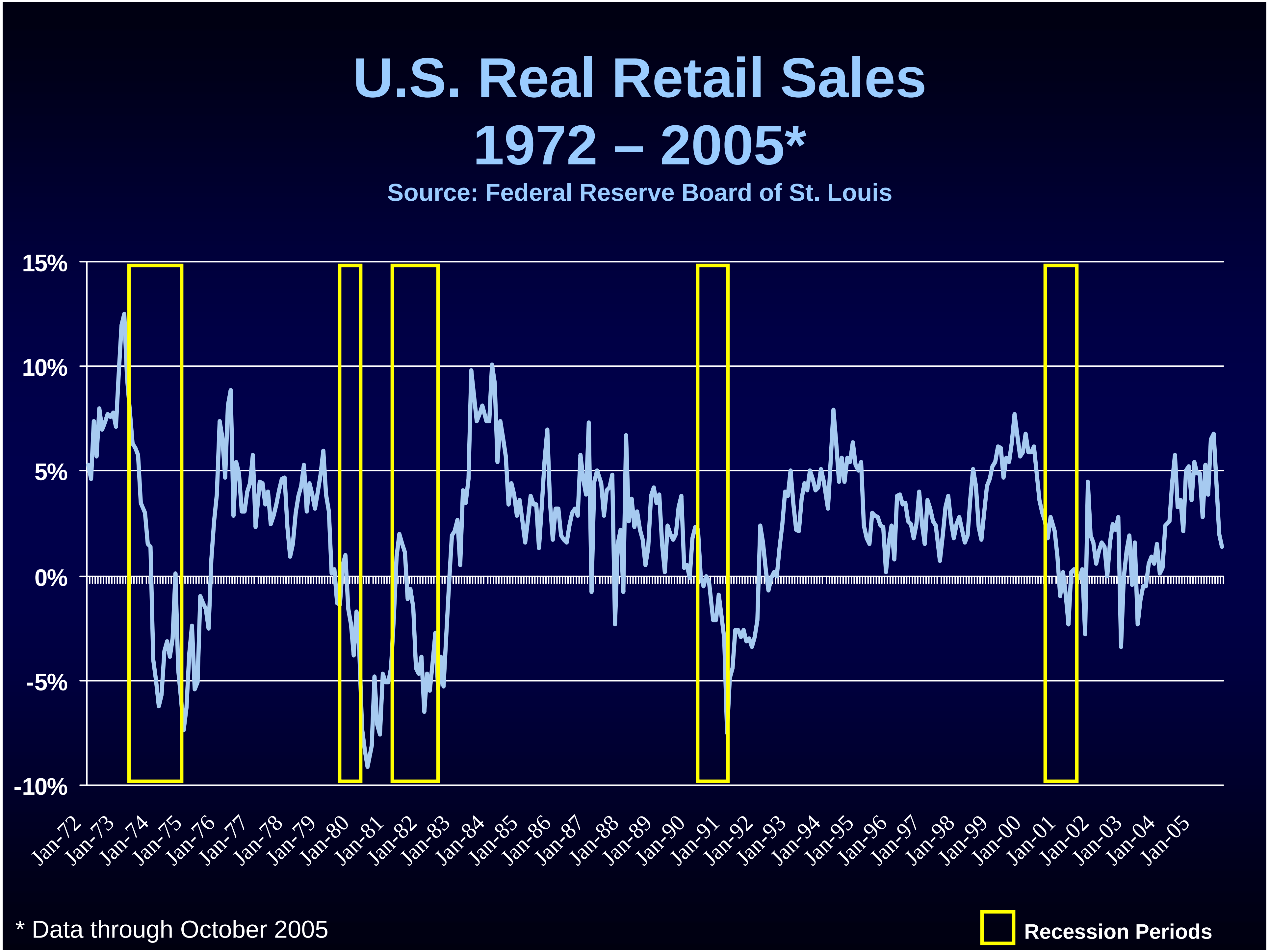
U.S. Real Personal Income Percent Change Year Ago

1971 – 2005*

Source: Bureau of Economic Analysis

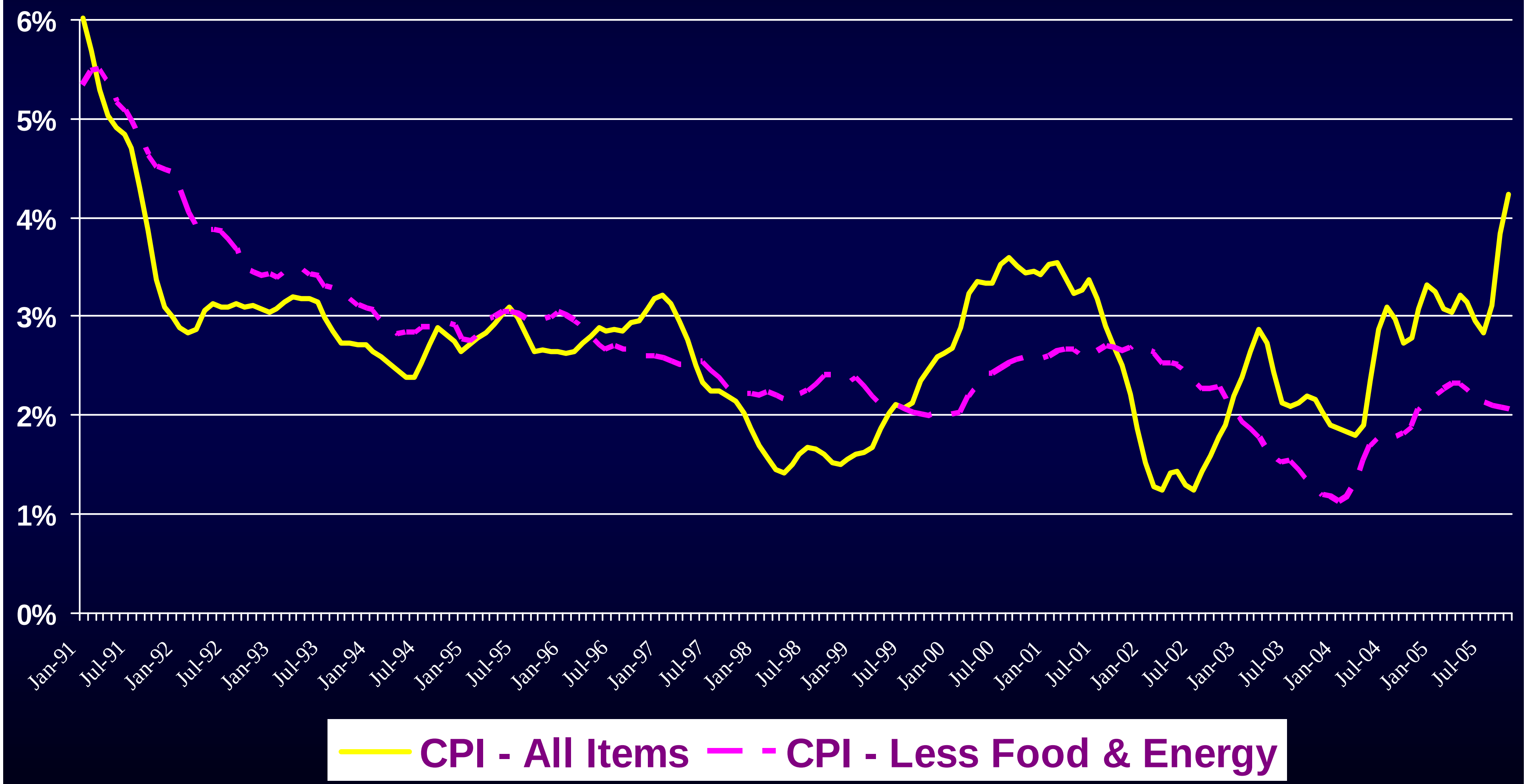


*Data through third quarter 2005


U.S. Real Retail Sales
1972 – 2005*
Source: Federal Reserve Board of St. Louis
15%
10%
5%
0%
-5%
-10%
Jan-72
Jan-73
Jan-74
Jan-75
Jan-76
Jan-77
Jan-78
Jan-79
Jan-80
Jan-81
Jan-82
Jan-83
Jan-84
Jan-85
Jan-86
Jan-87
Jan-88
Jan-89
Jan-90
Jan-91
Jan-92
Jan-93
Jan-94
Jan-95
Jan-96
Jan-97
Jan-98
Jan-99
Jan-00
Jan-01
Jan-02
Jan-03
Jan-04
Jan-05
* Data through October 2005
Recession Periods

Consumer Price Index
Percent Change Year Ago
1991 – 2005*

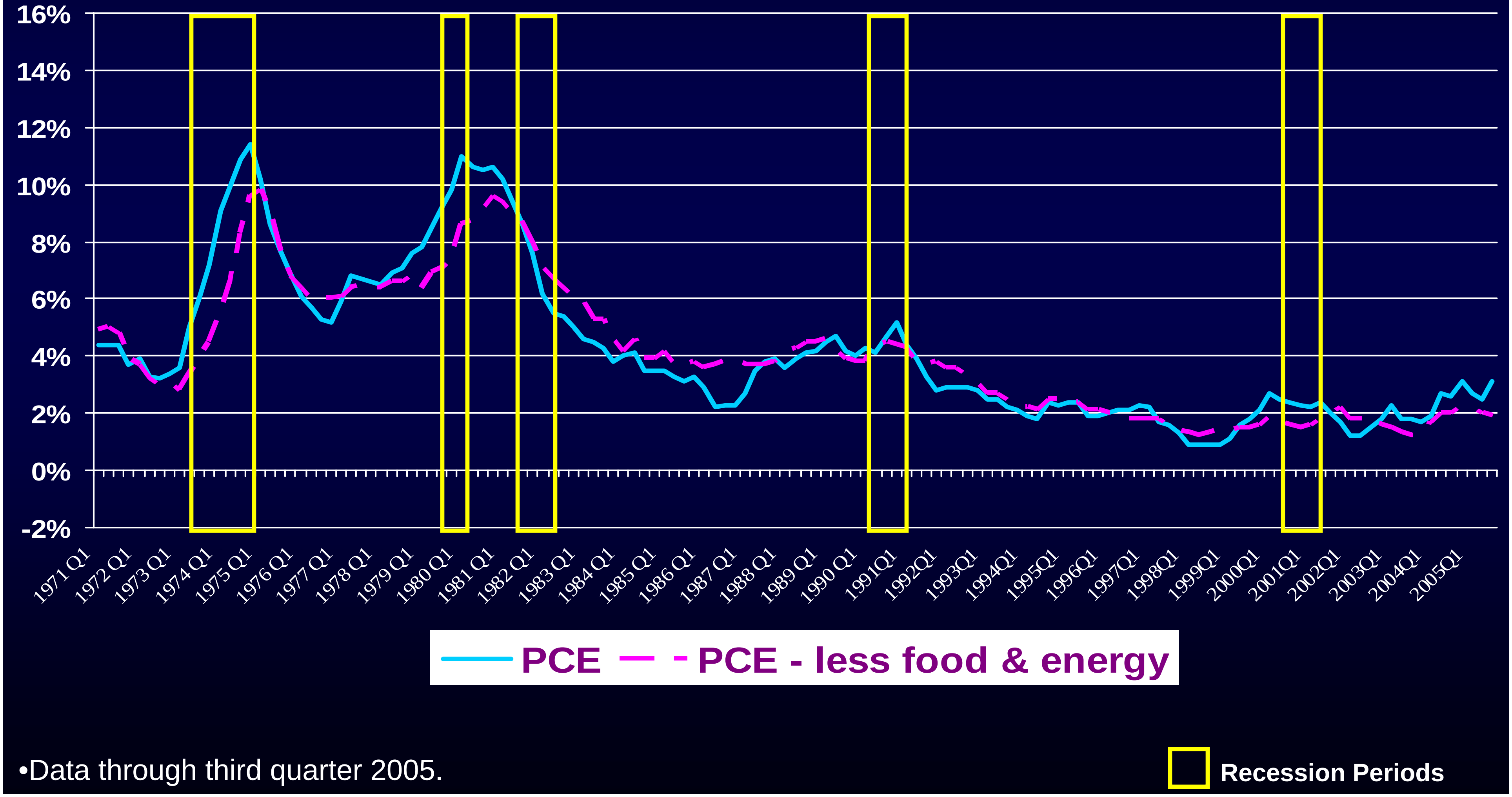
Source: Bureau of Labor Statistics



•Three-month moving average. Data through October 2005.

Personal Consumption Expenditures Price Deflator (2000=100) Percent Change Year Ago 1971 – 2005*

Source: Bureau of Economic Analysis

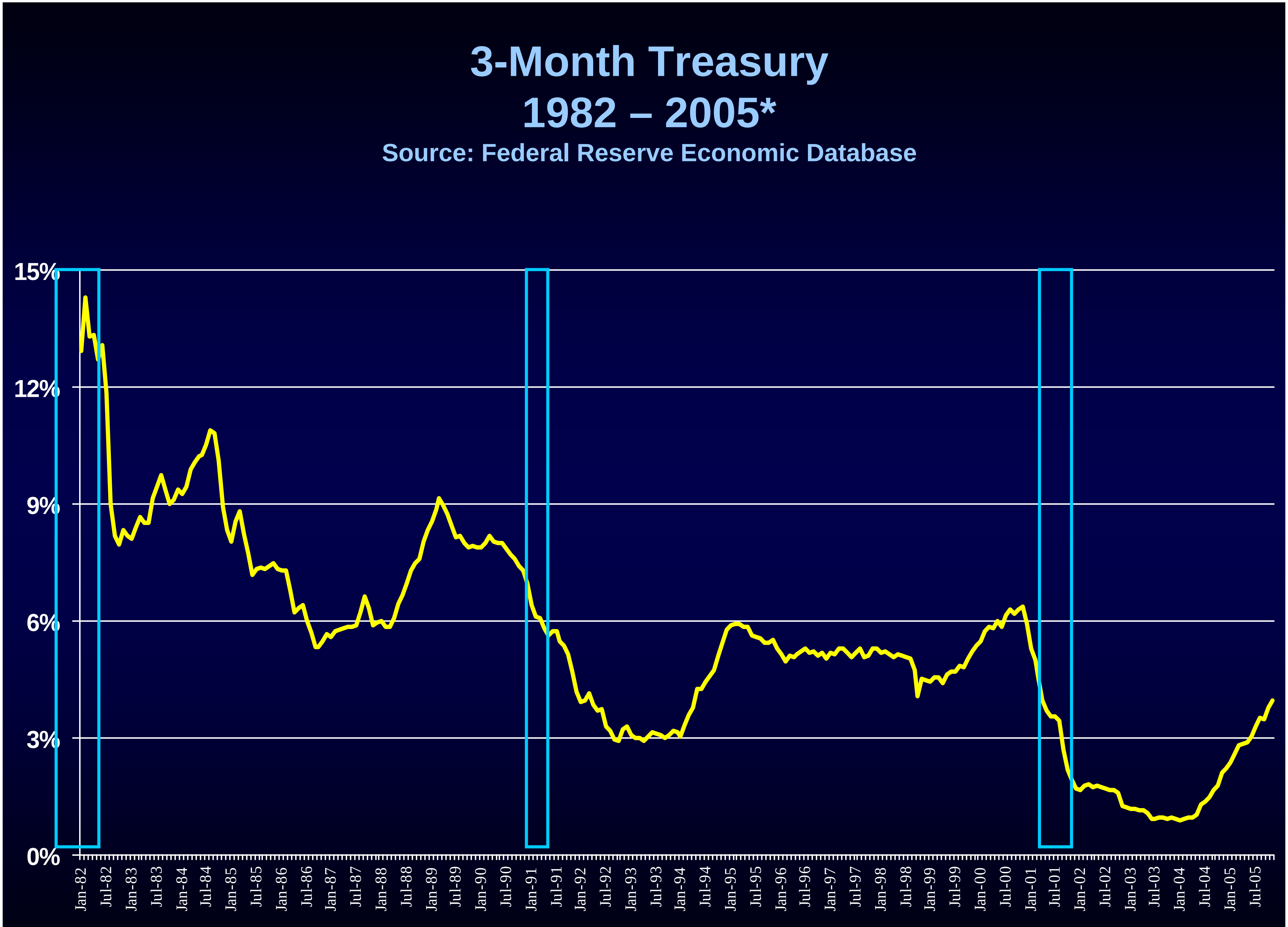


•Data through third quarter 2005.

30-Year Conventional Mortgage Rates
1982 – 2005*

Source: Federal Reserve Economic Database

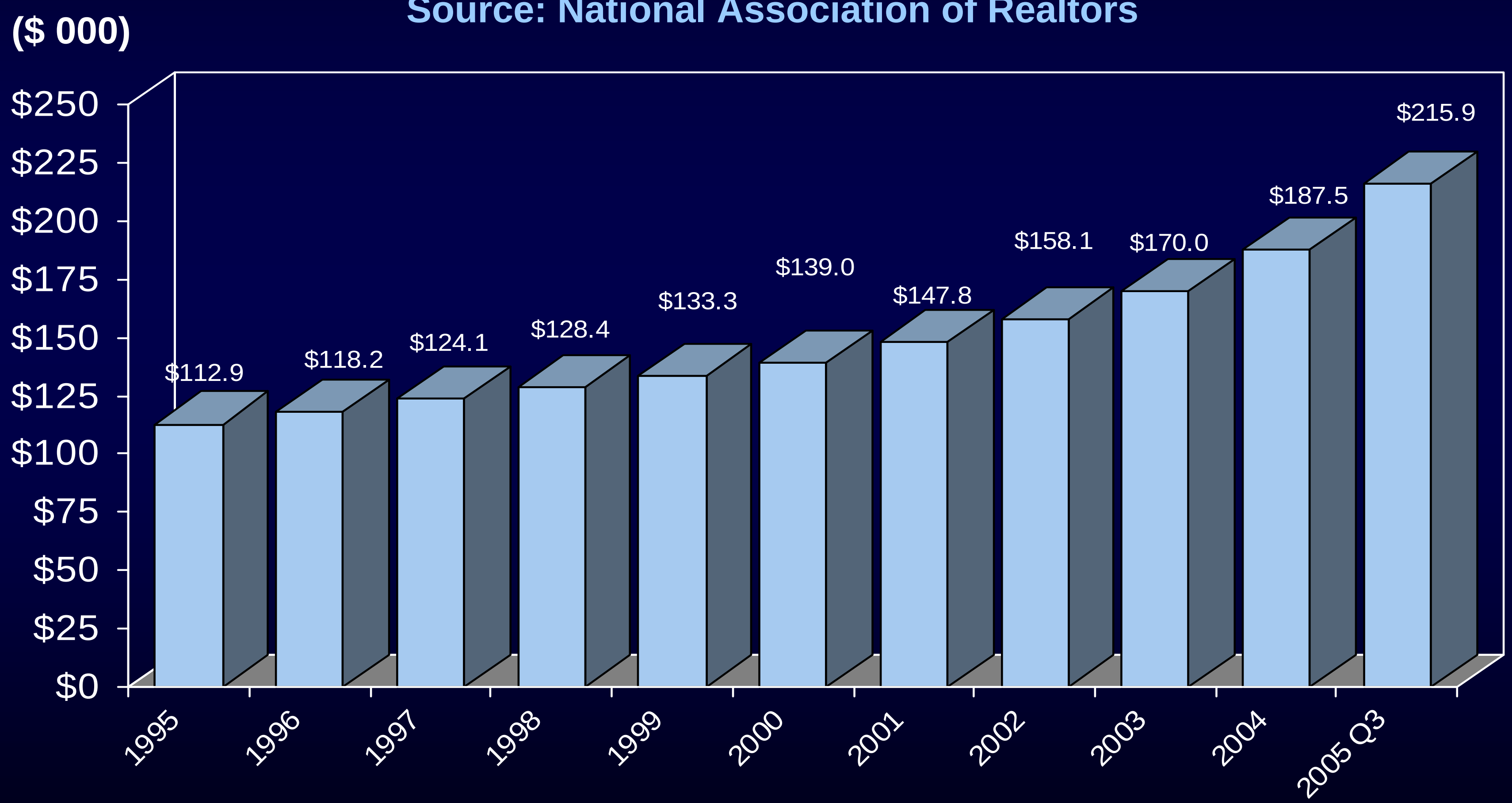
•Data through October 2005.



•Data through November 2005.

Single Family Median Price of Resales
United States
1995–2005*

Source: National Association of Realtors

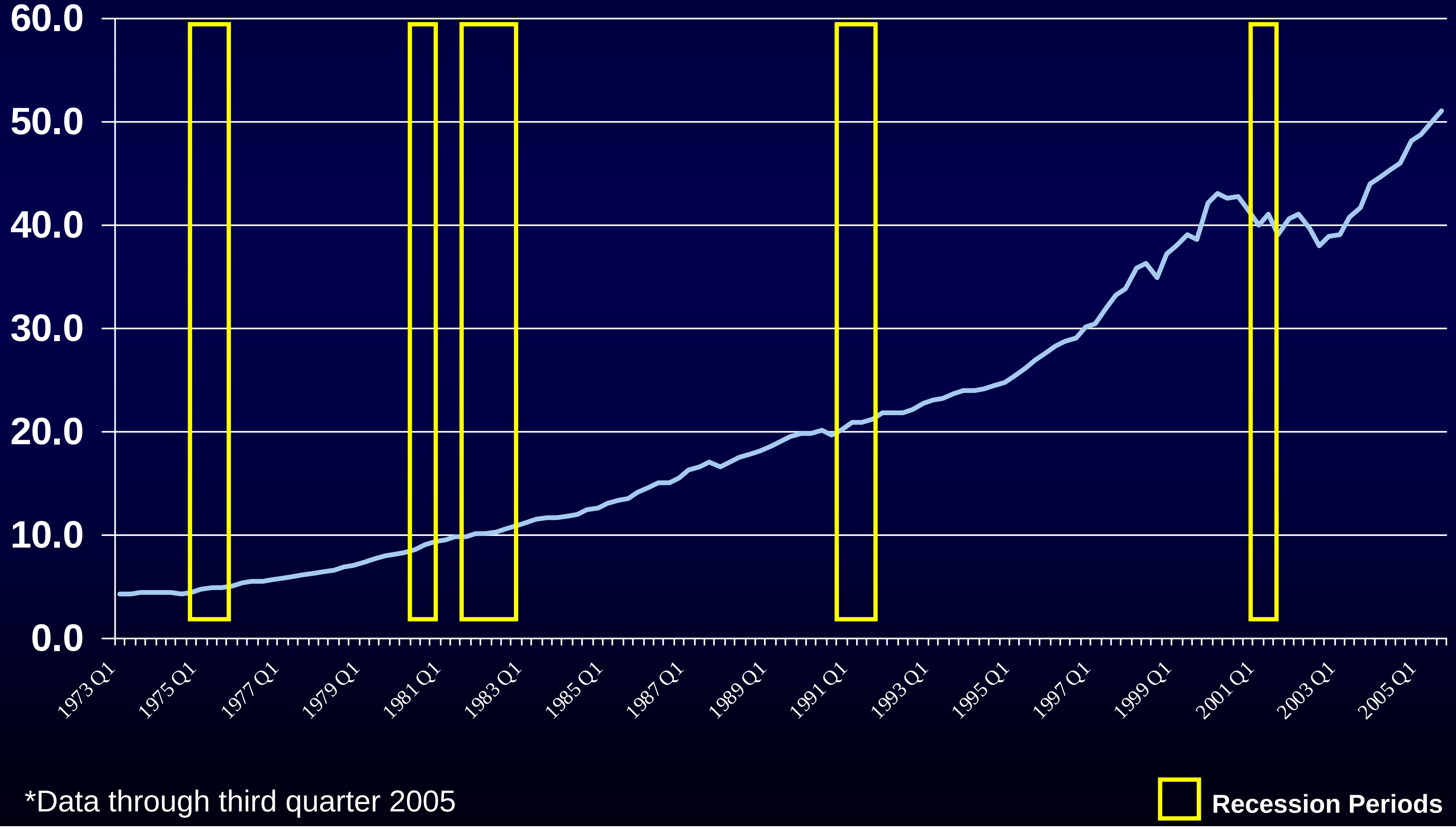


* As of third quarter 2005.

Household Net Worth

1973 – 2005*

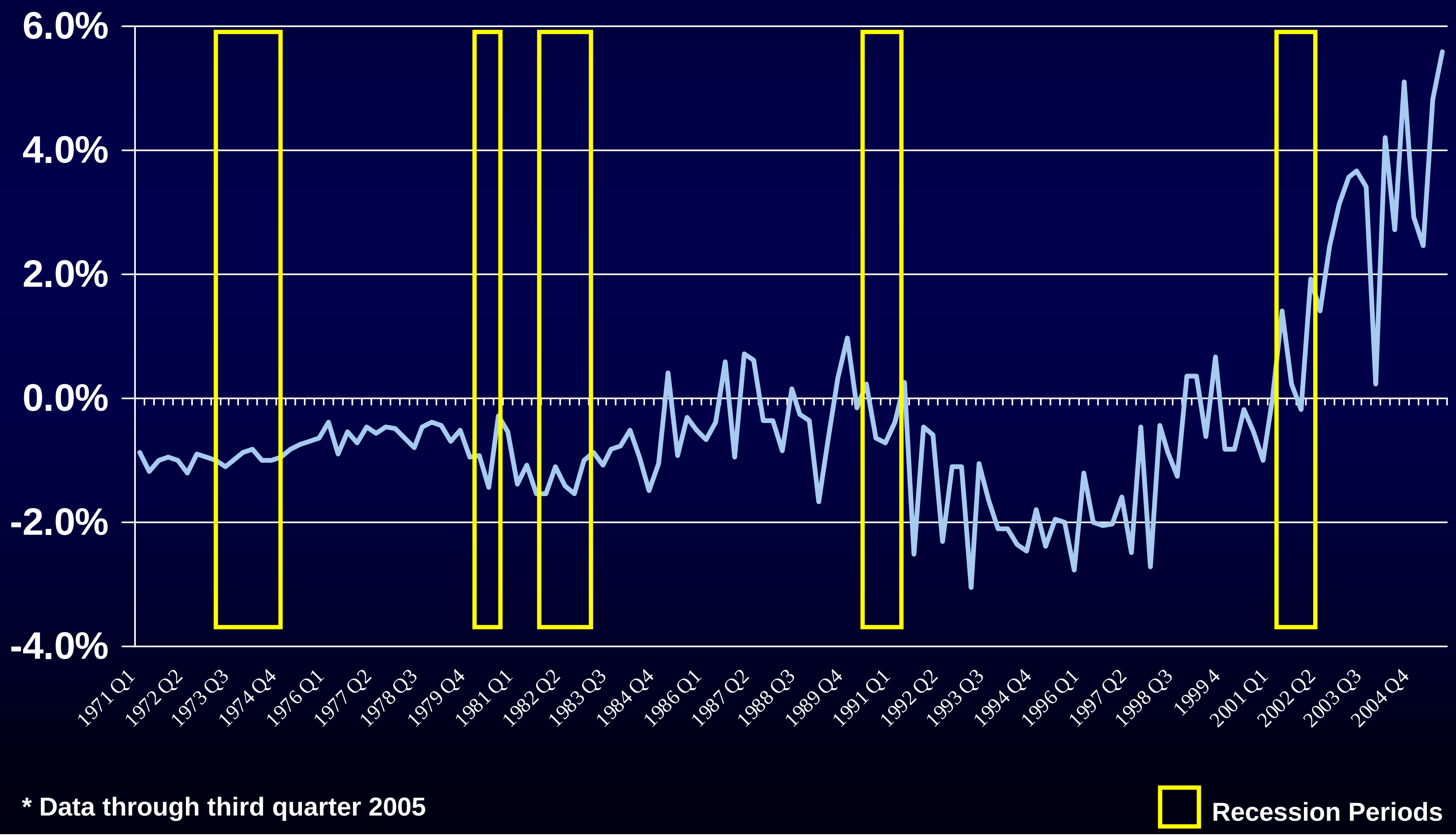
Source: www.economy.com



*Data through third quarter 2005

Mortgage Equity Withdrawal as a share of Disposable Income U.S.: 1971 – 2005*

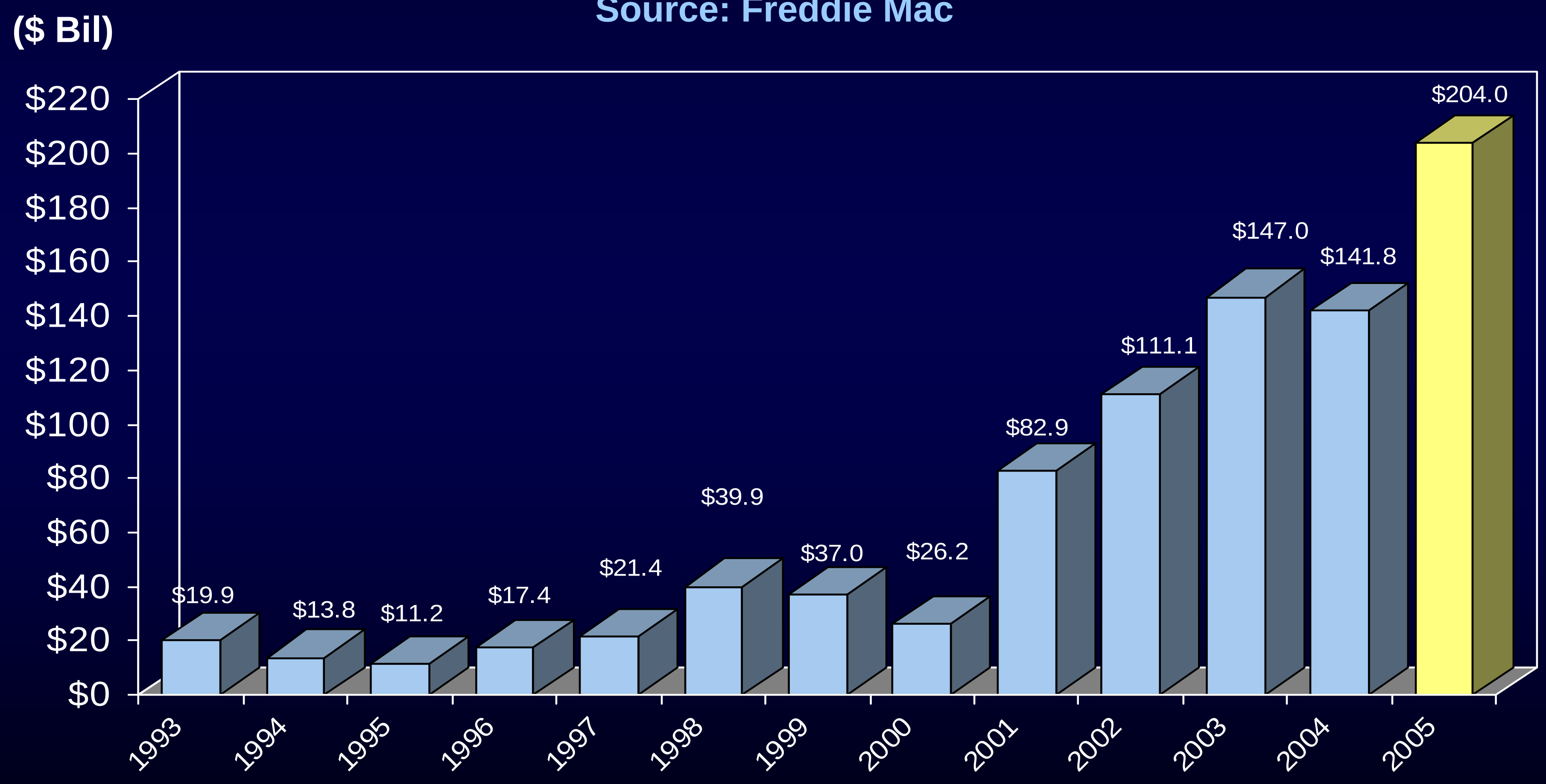
Source: Bureau of Economic Analysis



* Data through third quarter 2005

Home Equity Cashed Out During Mortgage Refinancings 1993–2005*

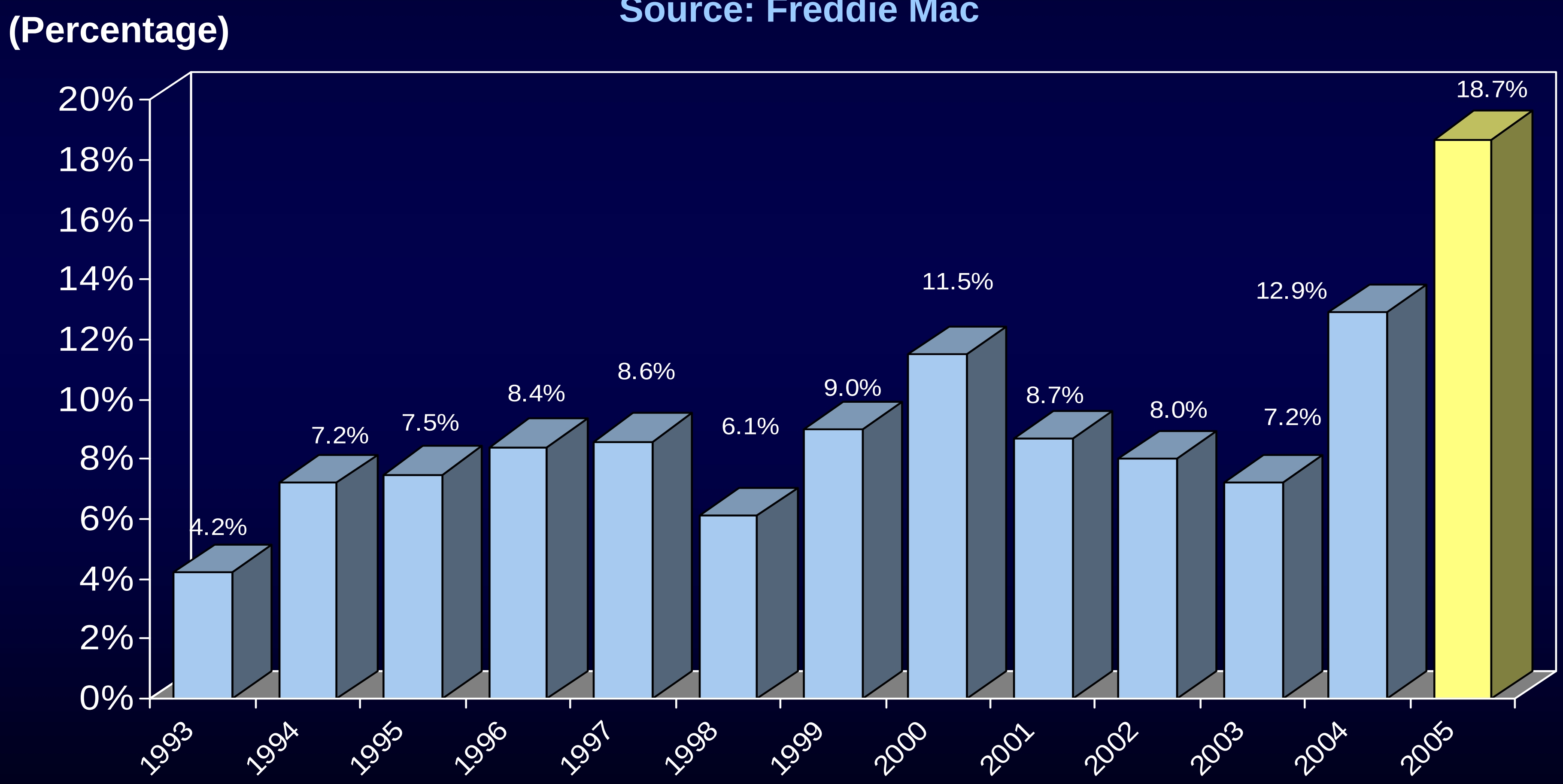
Source: Freddie Mac



* 2005 forecast from Freddie Mac.

Cash-Out Dollars as a Percentage of Refinanced Origination Amount 1993–2005*

Source: Freddie Mac

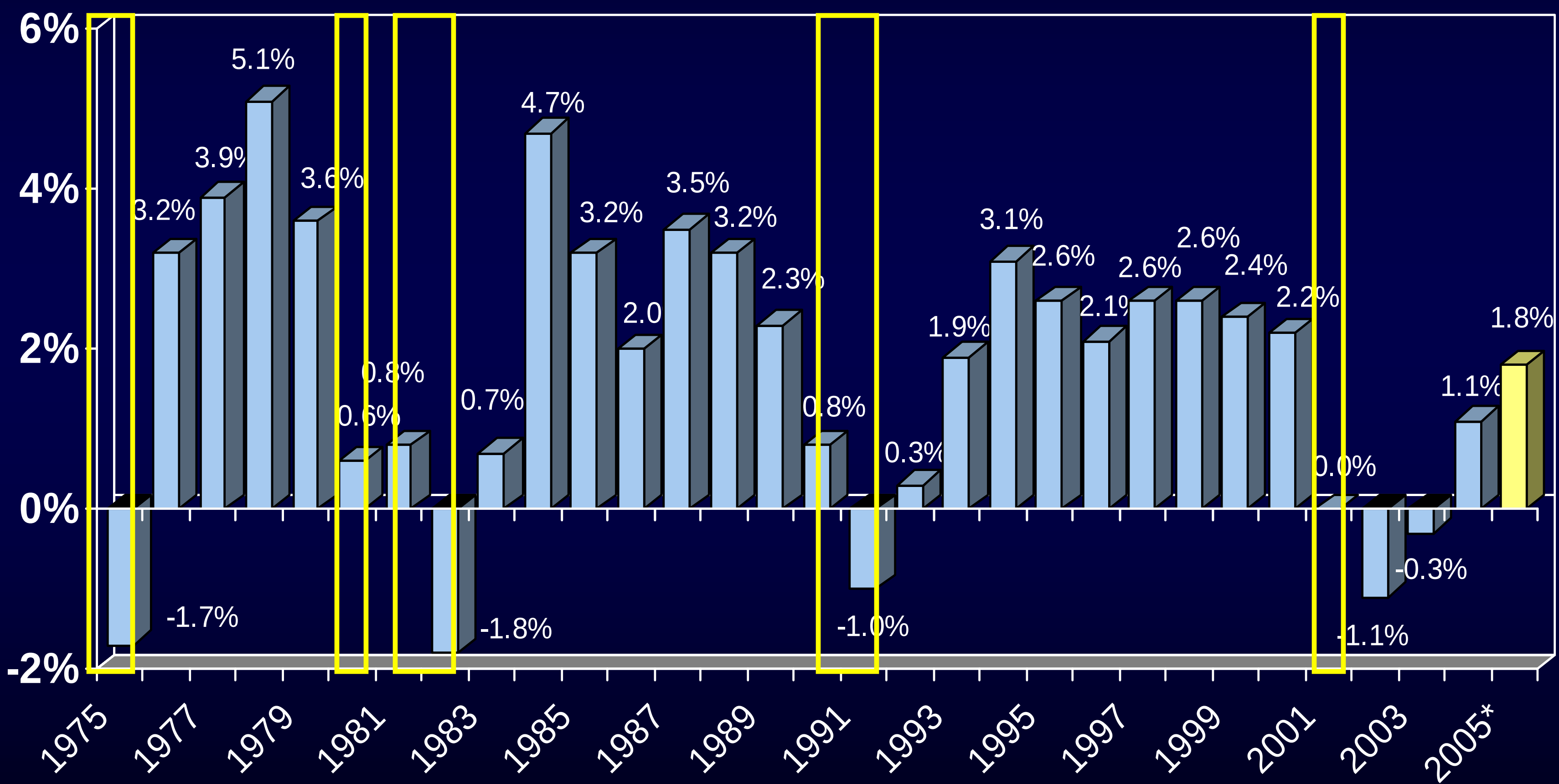


* 2005 is a forecast from Freddie Mac.

National Employment*

Annual Percent Change 1975–2005**

Source: Bureau of Labor Statistics



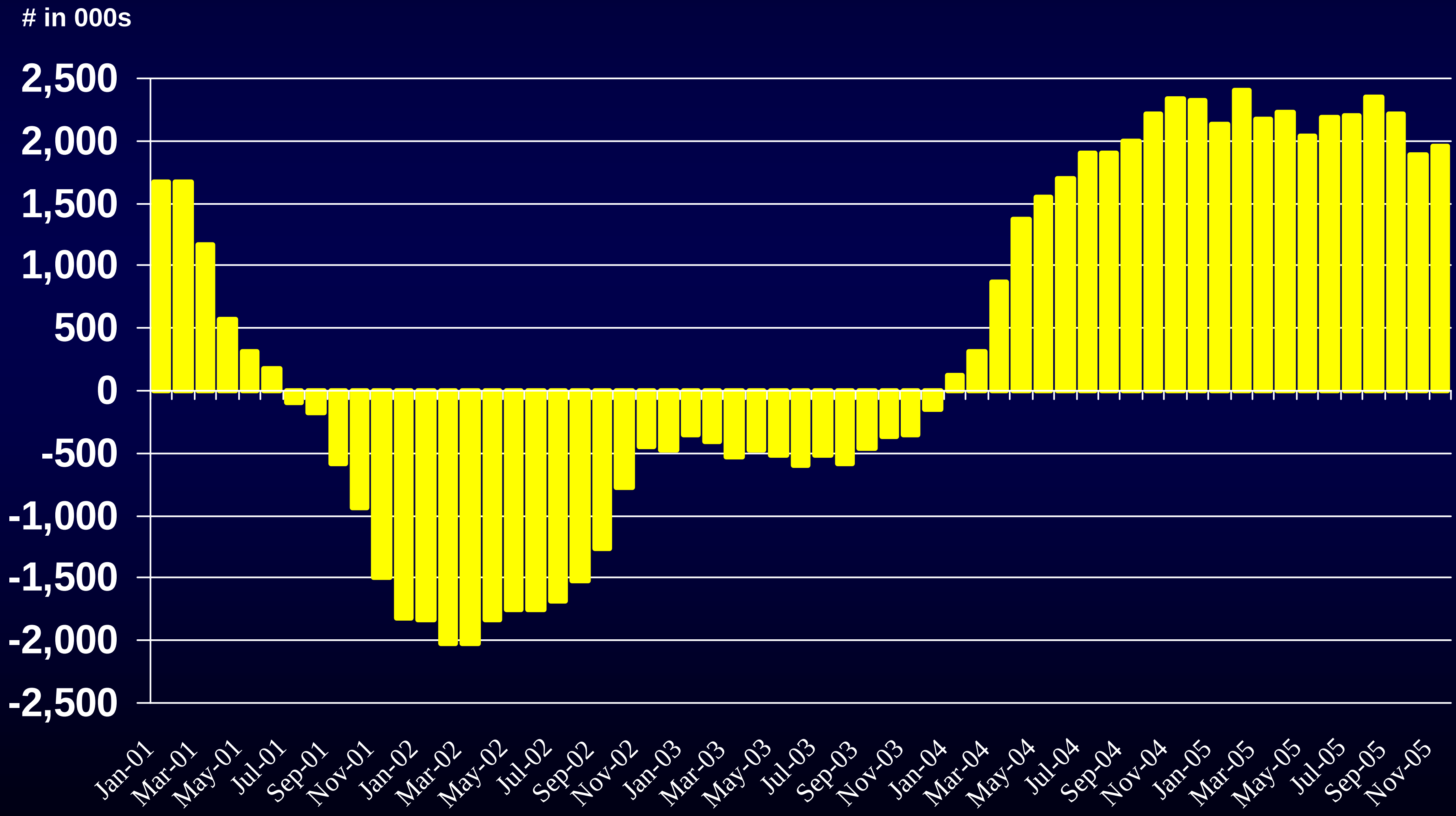
*Non-agricultural wage & salary employment. Changed from SIC to NAICS reporting in 1990.

**Year-to-date through November 2005.

Recession Periods

National Employment
(Net change in jobs over year ago)
January 2001 – November 2005

Source: U.S. Bureau of Labor Statistics



National Employment Growth

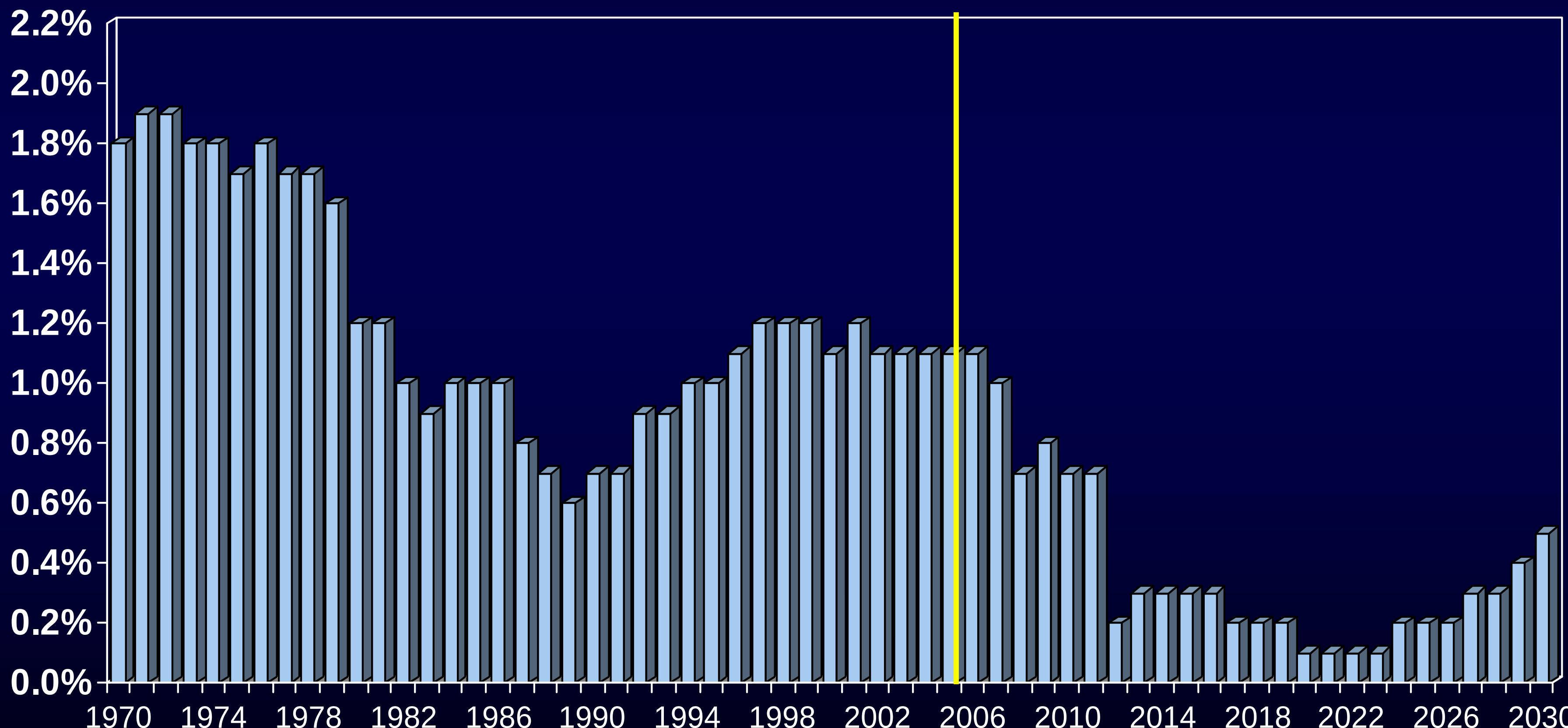
Recession	Annual Growth 4 years post over 3 year post
1975	4.8%
1982	1.9%
1991	3.3%
2001	1.5%

Output per Hour

Output per hour growth 3 years + 3 quarters Post Recession

Recession	Growth 3 years + 3 qtrs post
1975	9.2%
1982	11.0%
1991	7.9%
2001	13.5%

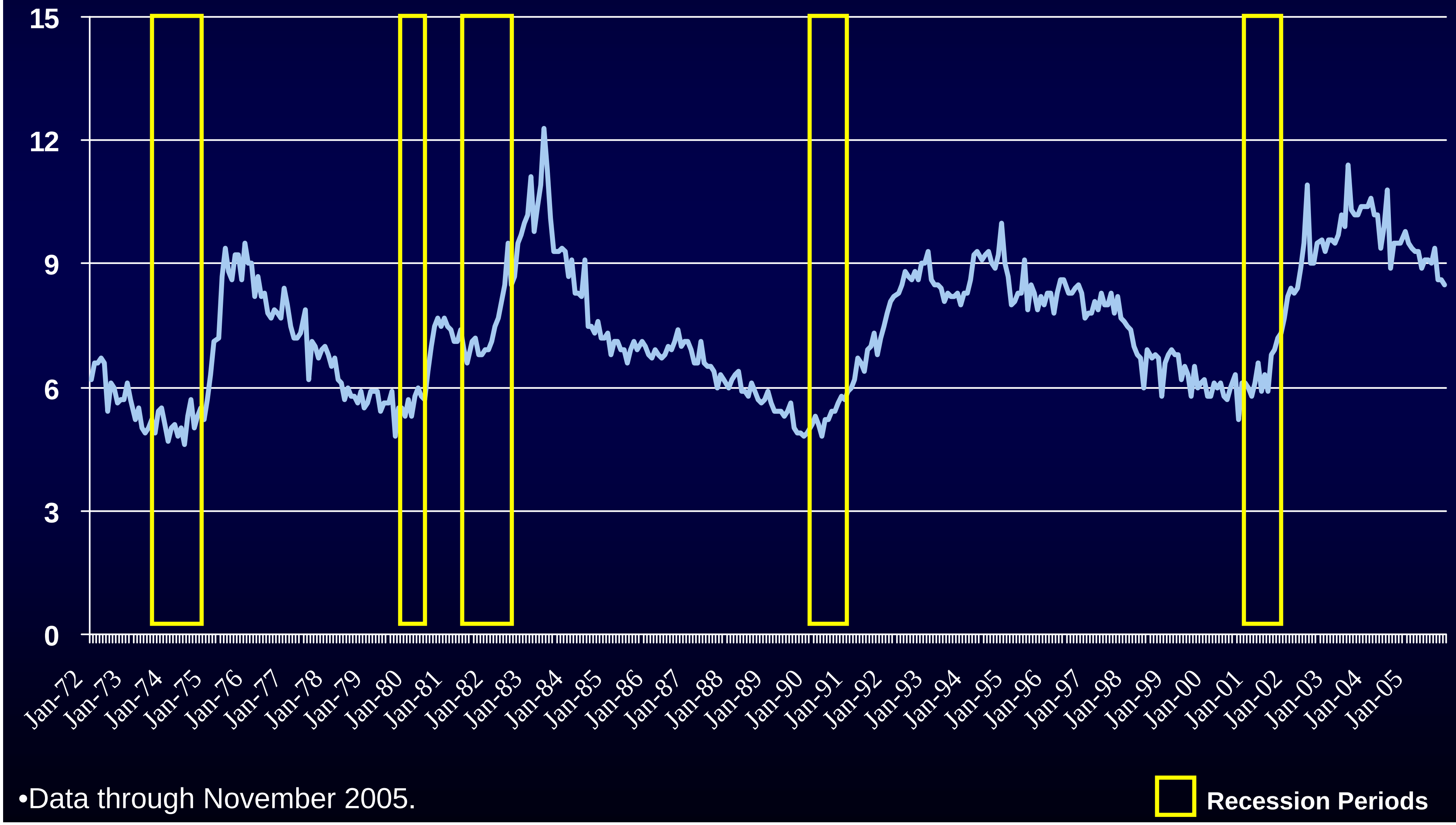
Labor Force Growth
Annual Growth Rate of Working Age (16-64)
1970–2030
Source: Census Bureau



* Forecasts from the Census Bureau

Median Weeks Unemployed (S/A)
1972 – 2005*

Source: Bureau of Labor Statistics

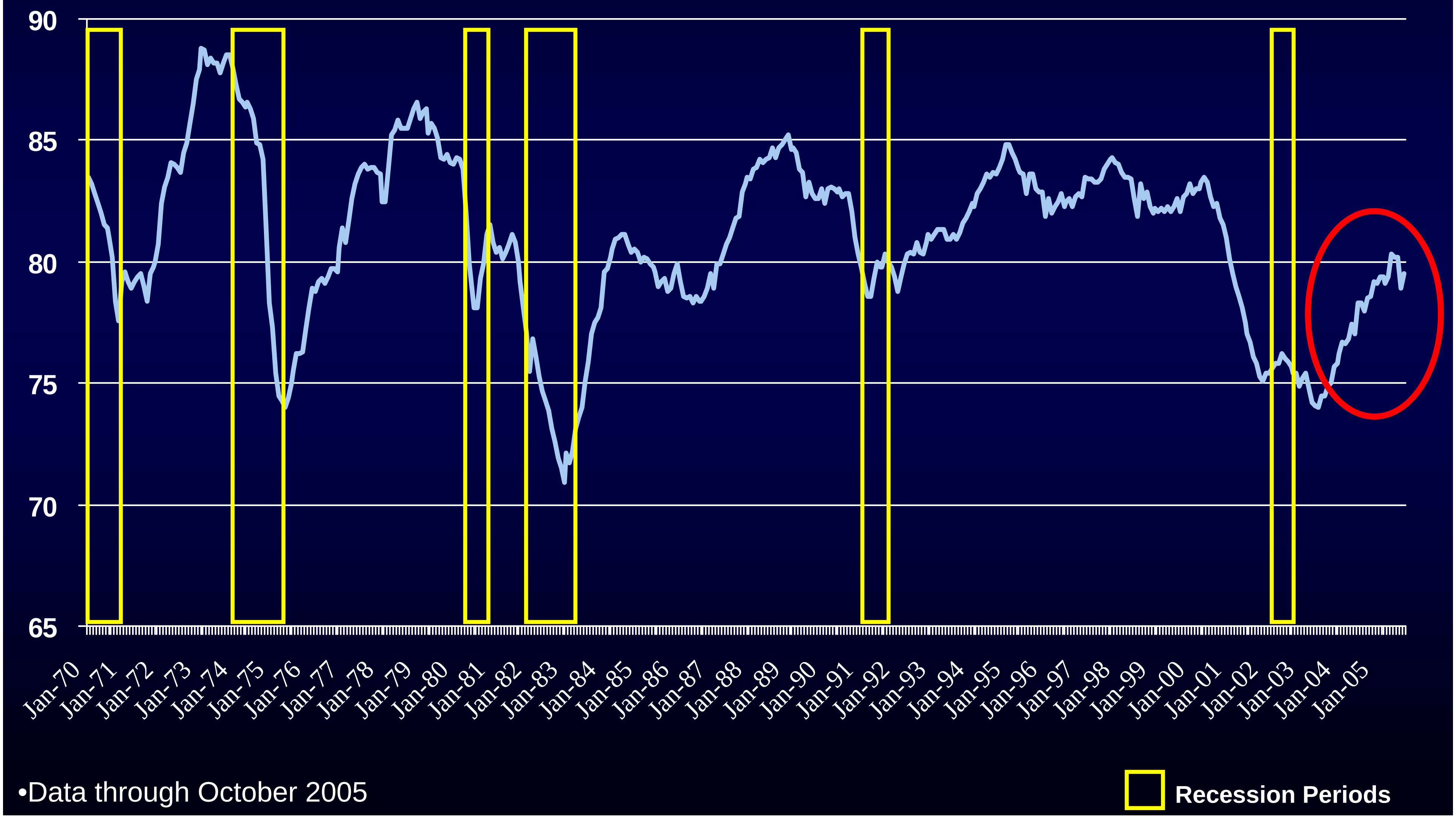


•Data through November 2005.

Business

Capacity Utilization Rate
1970 – 2005*

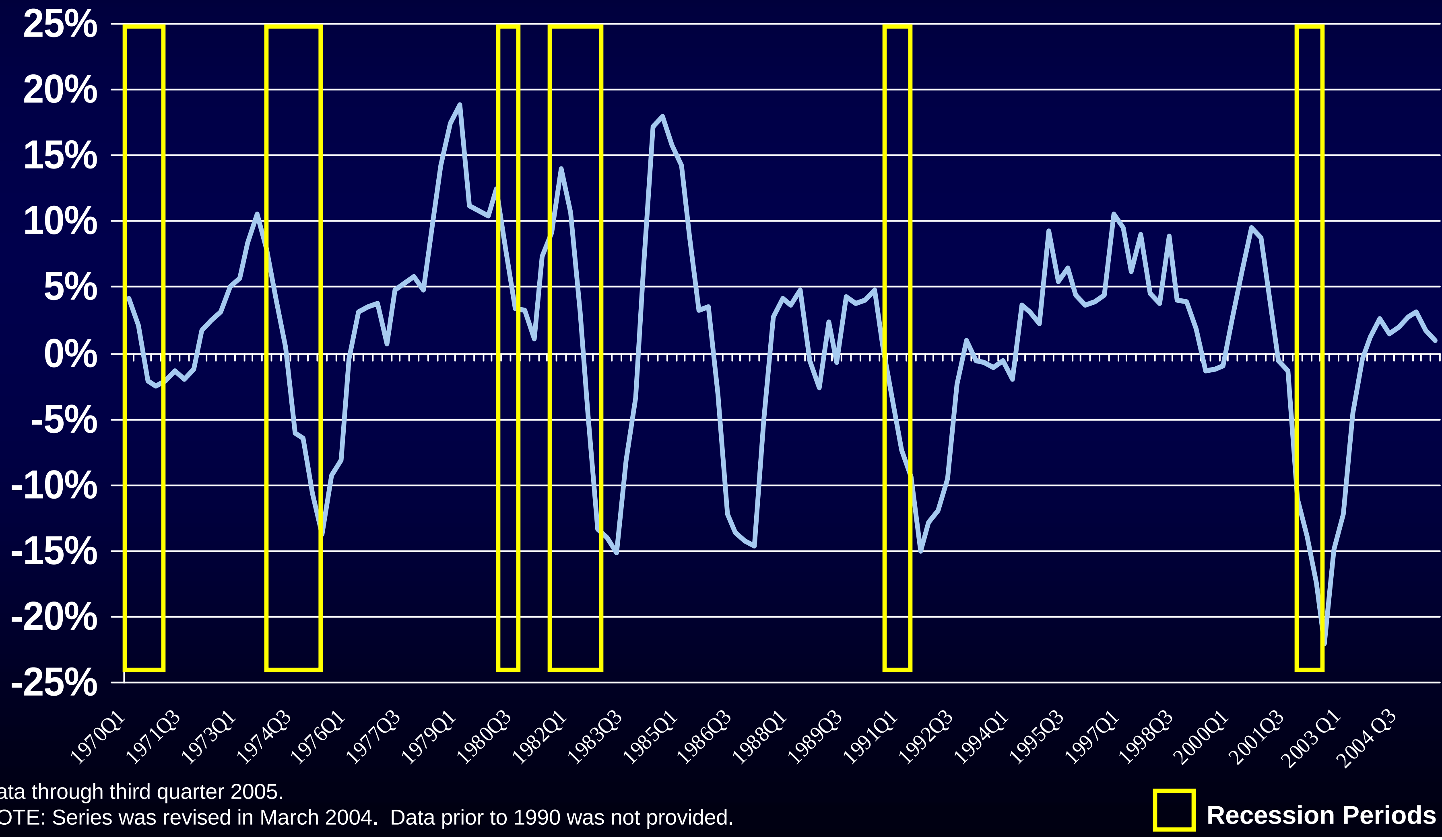
Source: The Conference Board



•Data through October 2005

Total Plant Spending
Percent Change Year Ago
(Real Dollars)
1970 – 2005*

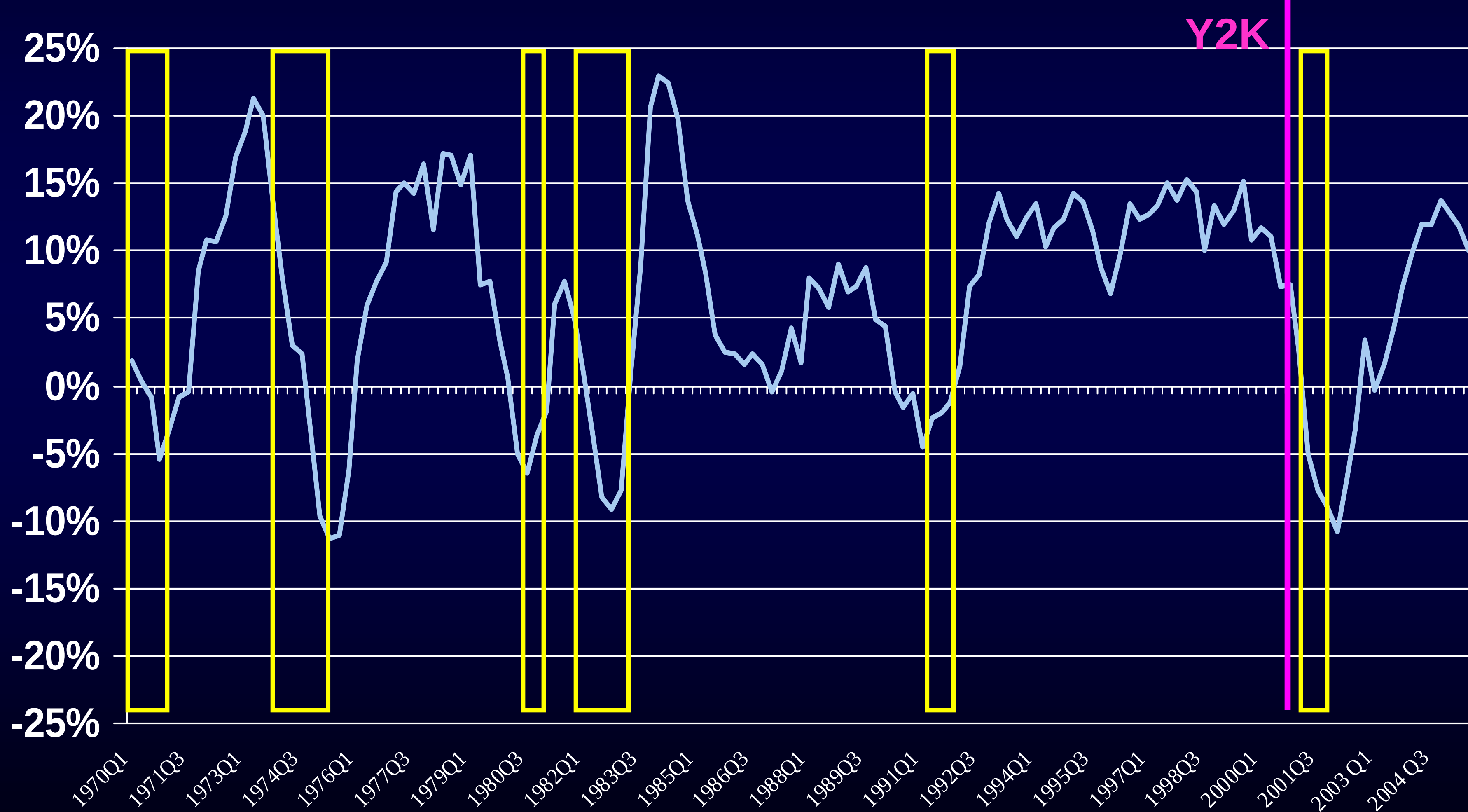
Source: Bureau of Economic Analysis



•Data through third quarter 2005.
•NOTE: Series was revised in March 2004. Data prior to 1990 was not provided.

Total Equipment & Software Spending
Percent Change Year Ago
(Real Dollars)
1970 – 2005*

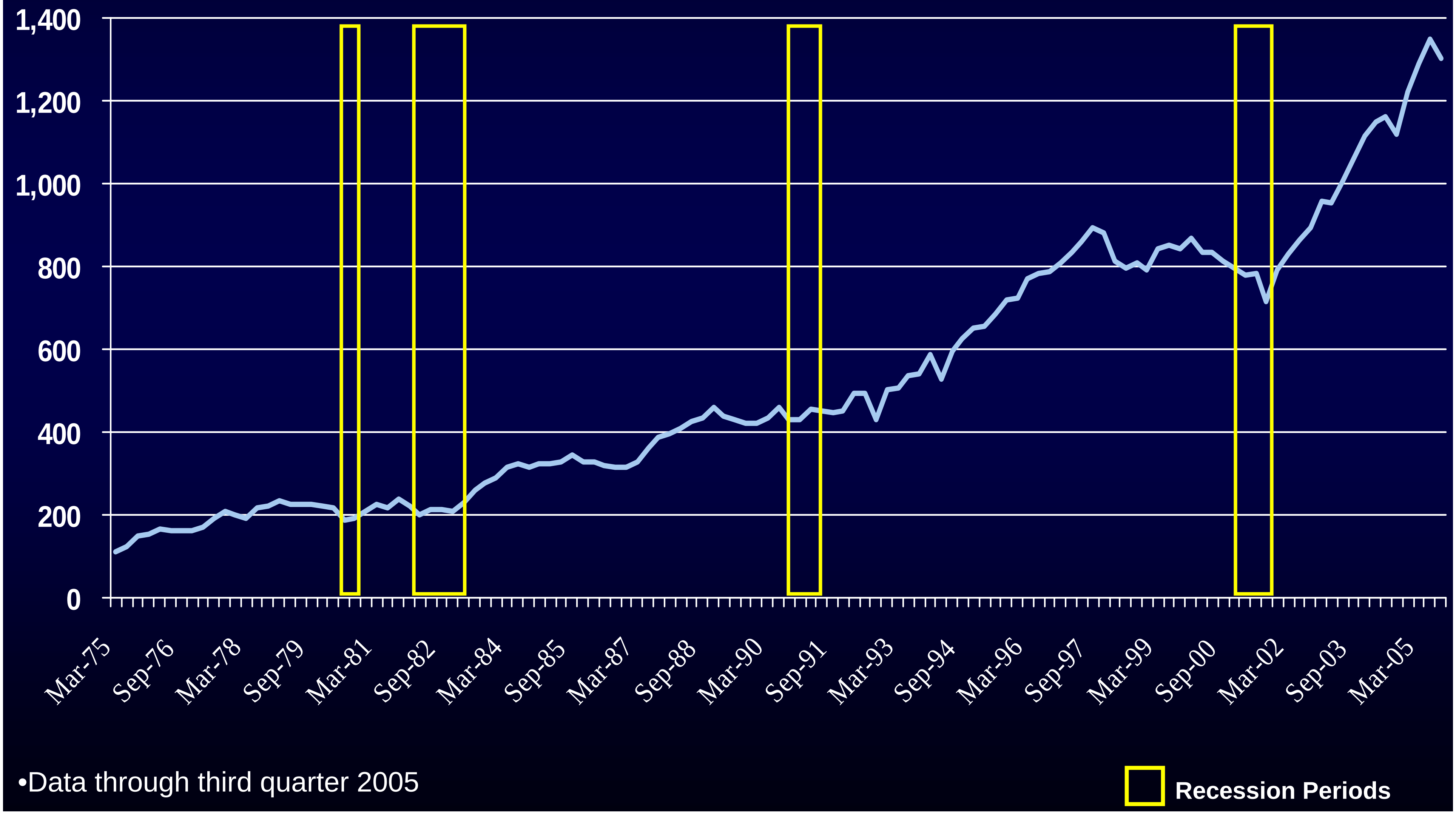
Source: Bureau of Economic Analysis



•Data through third quarter 2005.
•NOTE: Series was revised in March 2004. Data prior to 1990 was not provided.

Corporate Profit
1975-2005*
(Billions of Dollars, SA)

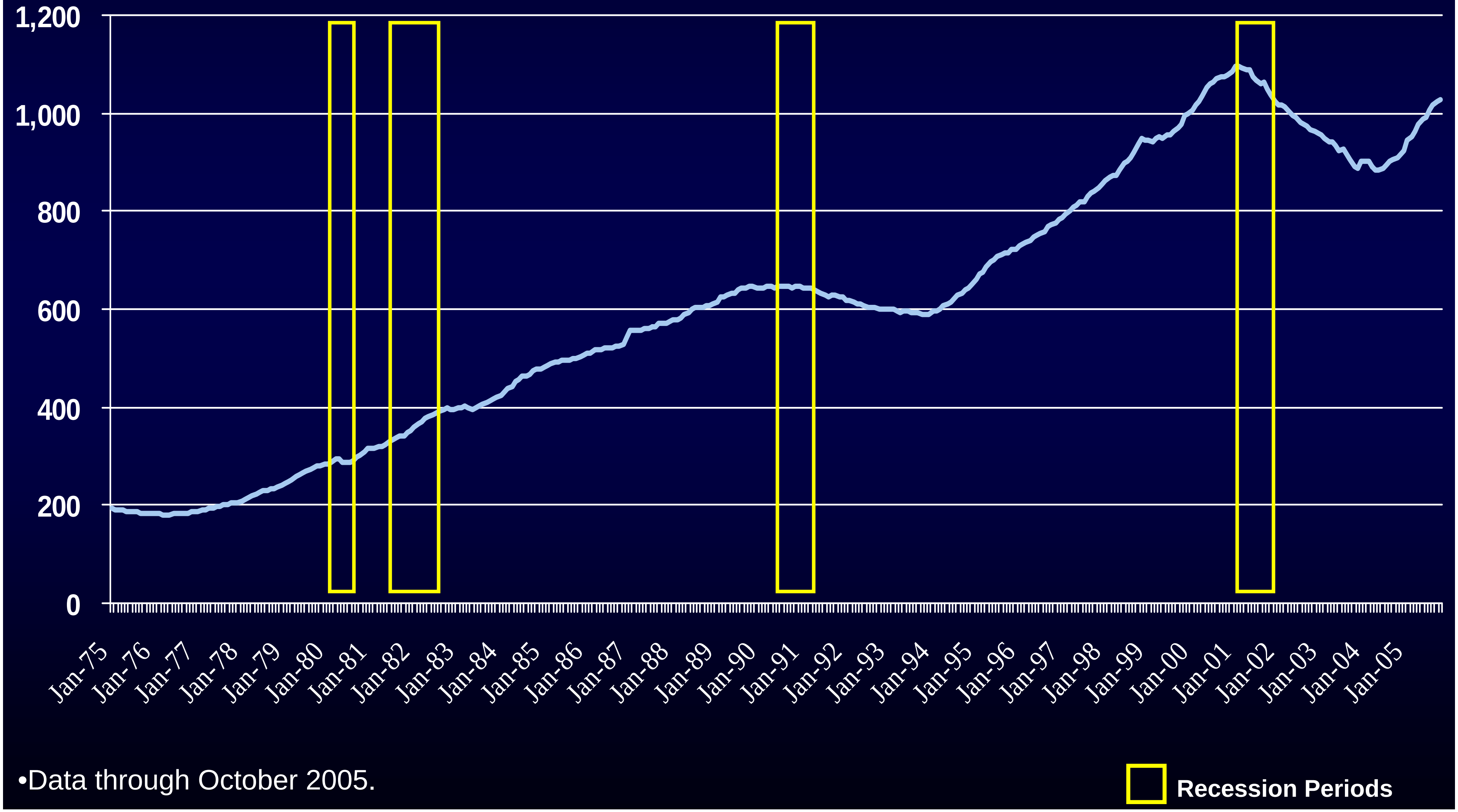
Source: Freelunch.com



•Data through third quarter 2005

Commercial & Industrial Loans, U.S. Based Banks 1975-2005* (Billions of Dollars, SA)

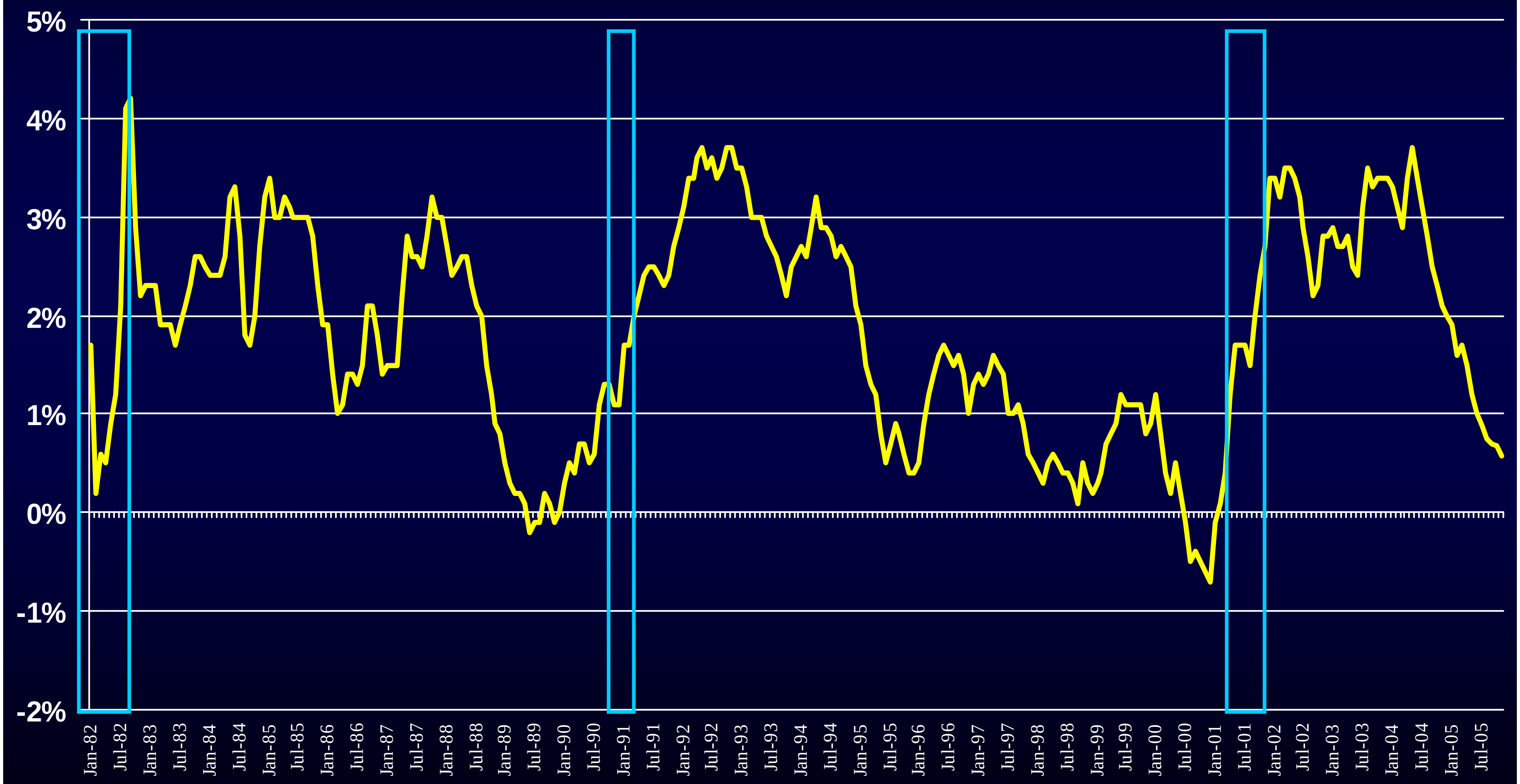
Source: Federal Reserve Economic Database



•Data through October 2005.

10-Year Treasury Rate minus 3-month Treasury Rate 1982 – 2005*

Source: Federal Reserve Economic Database

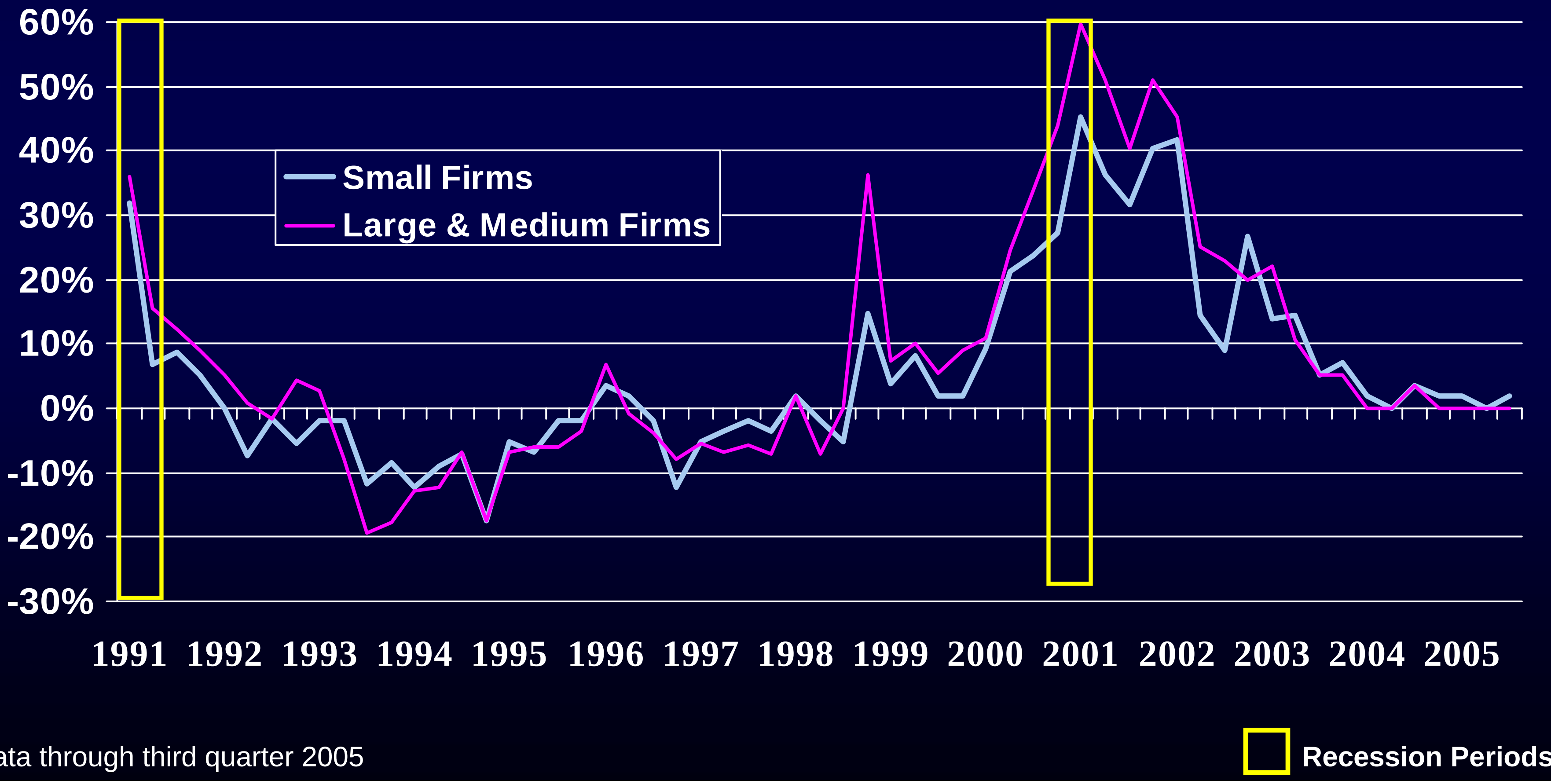


•Data through November 2005.

Net Percentage of Large U.S. Banks Reporting Tougher Standards on Business Loans

1991 – 2005 *

Source: Federal Reserve, Board of Governors



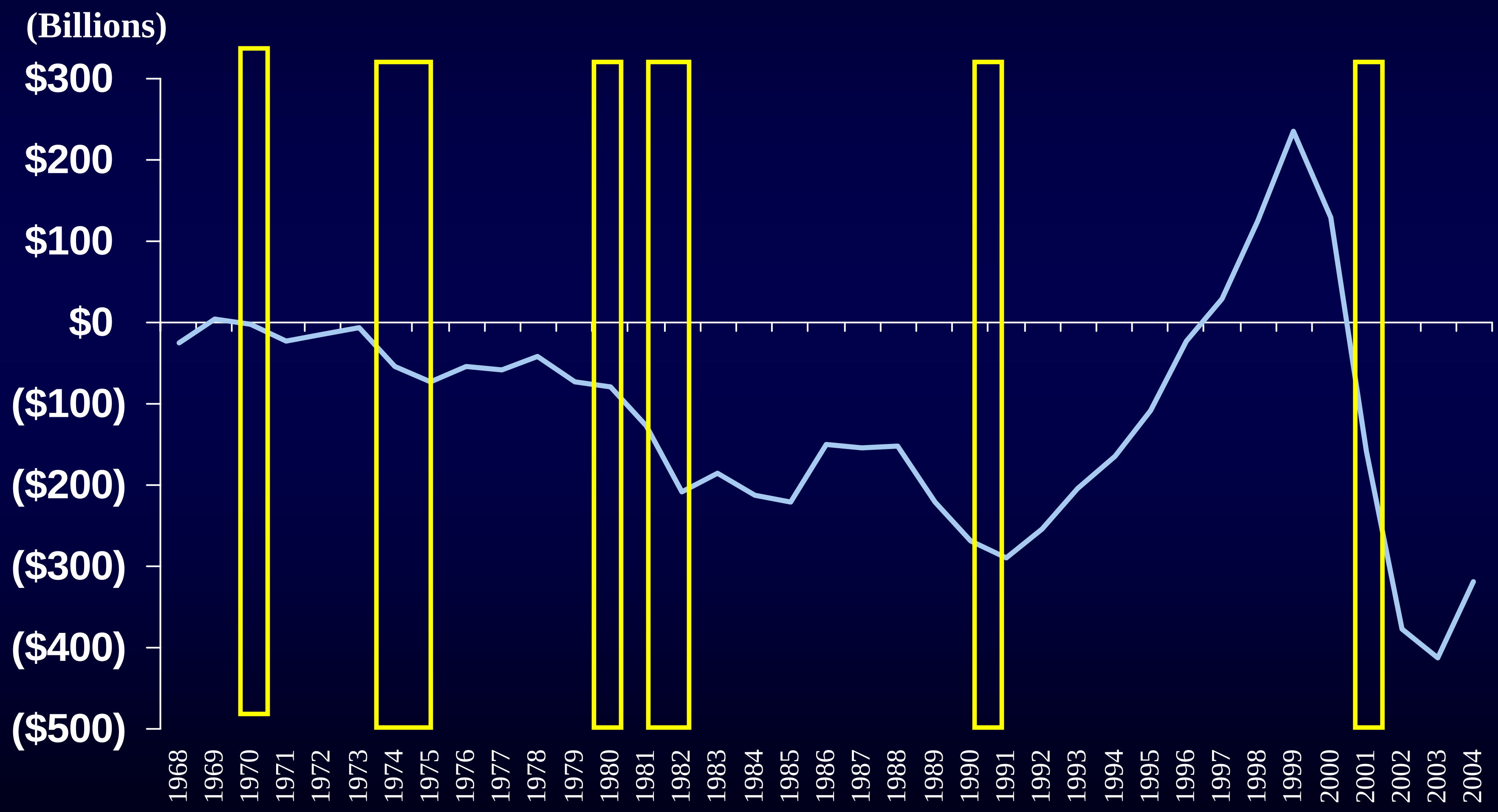
* Data through third quarter 2005

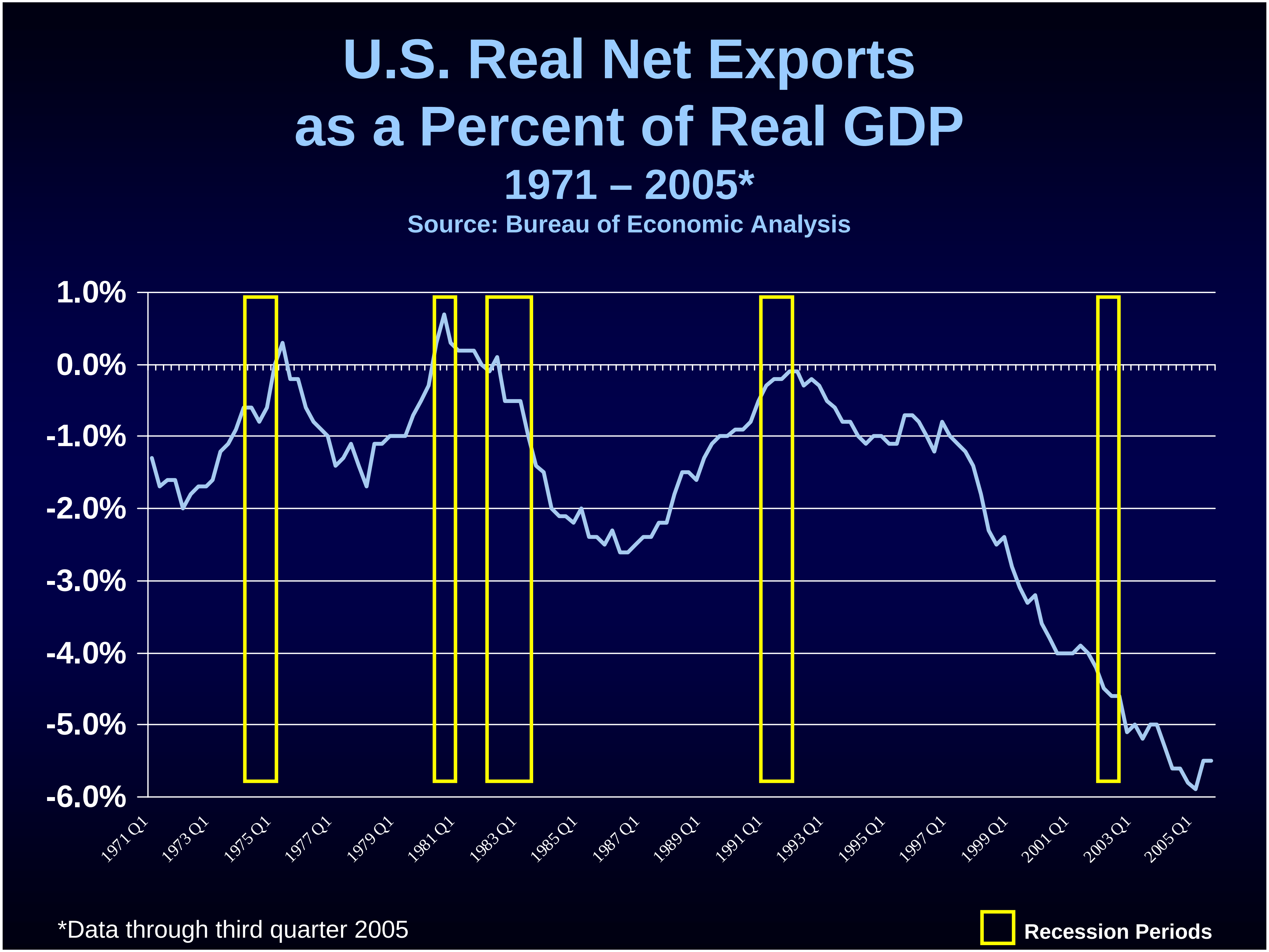
Government

Deficit ?

U.S. Federal Surplus/(Deficit) 1968 – 2004

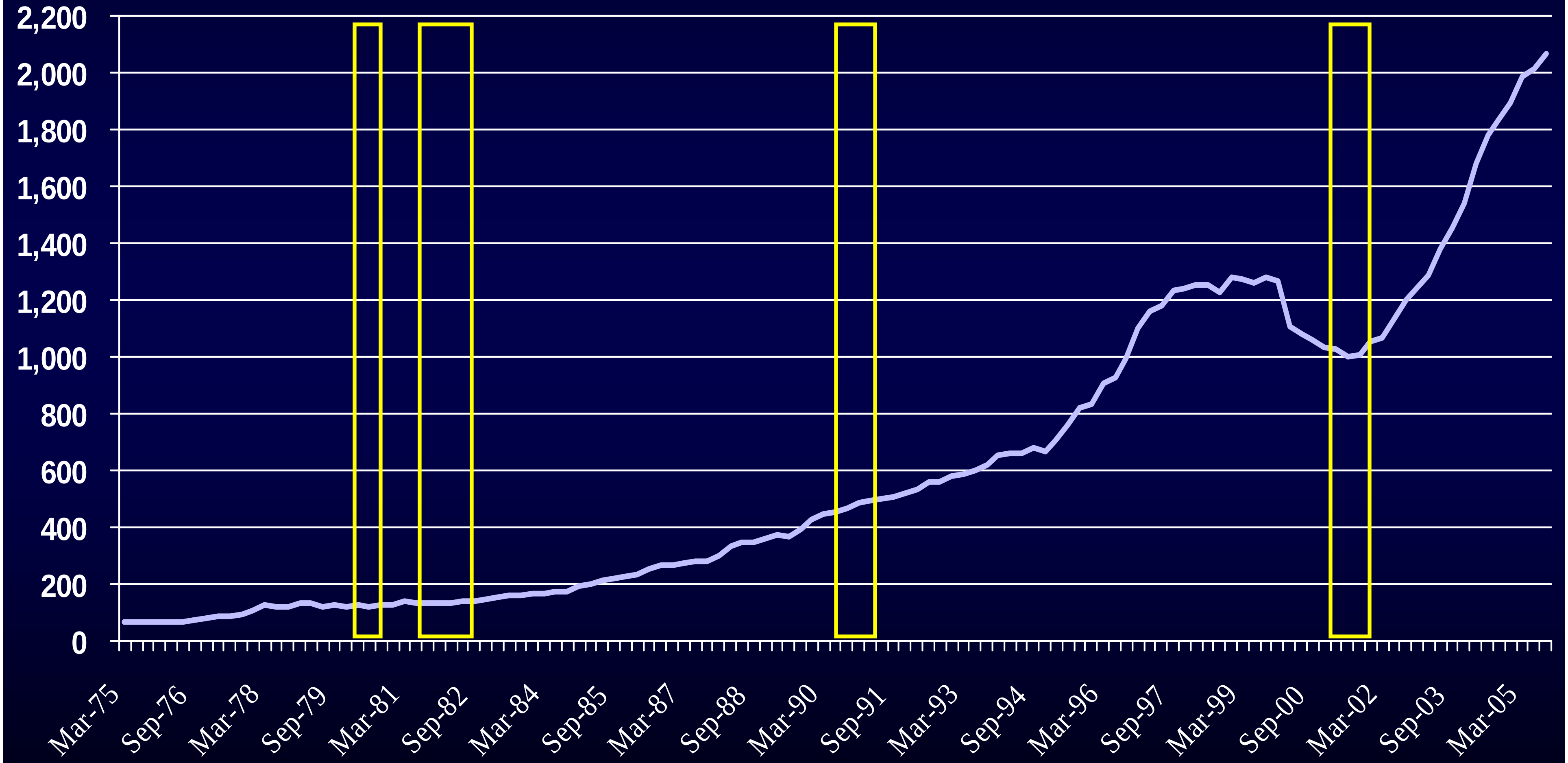
Source: White House Office of Management and Budget




U.S. Real Net Exports
as a Percent of Real GDP
1971 – 2005*
Source: Bureau of Economic Analysis
1.0%
0.0%
-1.0%
-2.0%
-3.0%
-4.0%
-5.0%
-6.0%
1971 Q1
1973 Q1
1975 Q1
1977 Q1
1979 Q1
1981 Q1
1983 Q1
1985 Q1
1987 Q1
1989 Q1
1991 Q1
1993 Q1
1995 Q1
1997 Q1
1999 Q1
2001 Q1
2003 Q1
2005 Q1
*Data through third quarter 2005
Recession Periods

U.S. Debt Held by Foreign & International Investors 1975-2005*
(Billions of Dollars, SA)

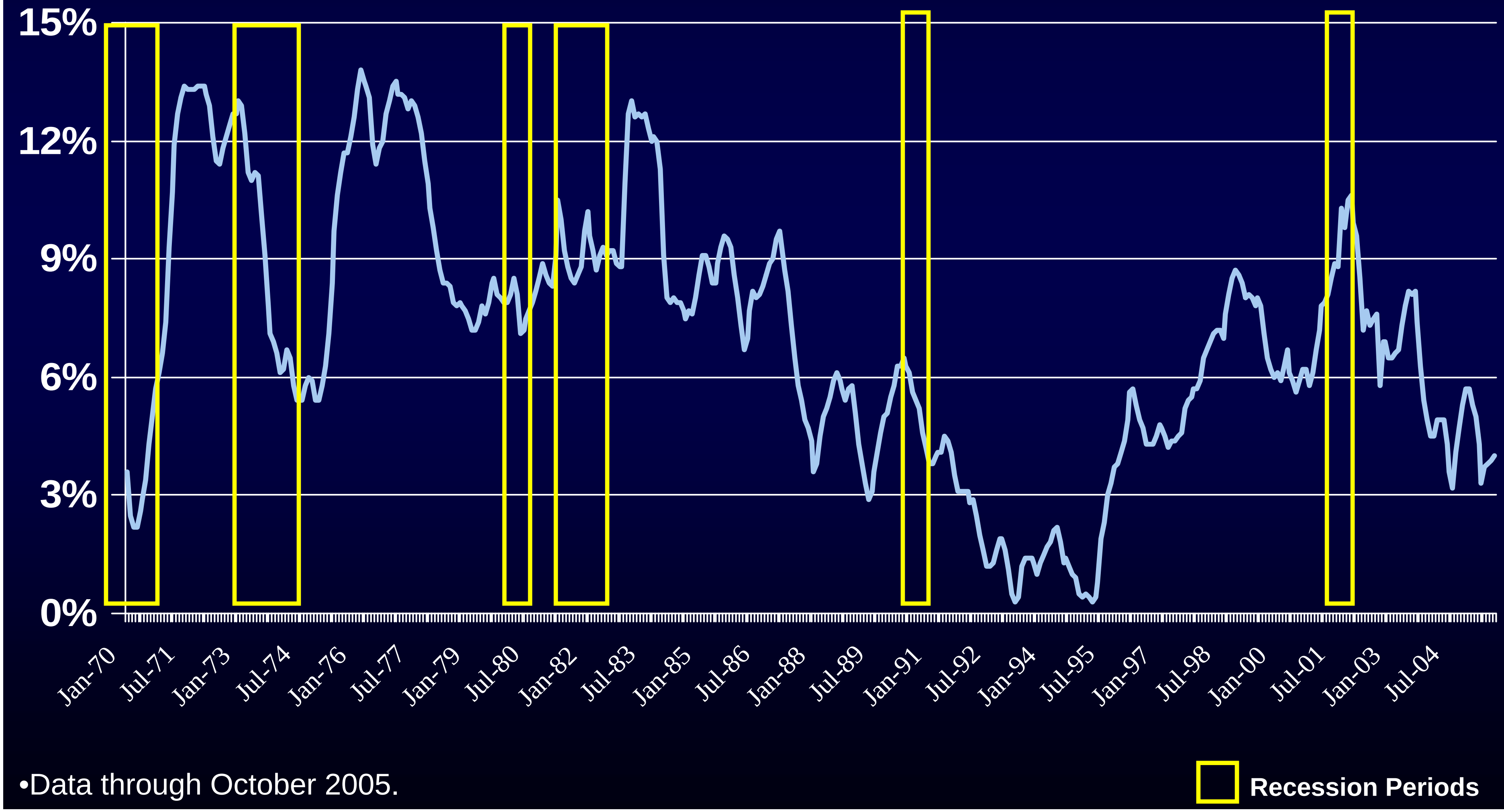
Source: Federal Reserve Economic Database



•Data through third quarter 2005.

M2 Stock – Seasonally Adjusted Percent Change Year Ago 1970 – 2005*

Source: Federal Reserve Bank of St. Louis, U.S. Bureau of Labor Statistics



•Data through October 2005.

2004 v. 2005

U.S. OUTLOOK GOOD NEWS

LAST YEAR	THIS YEAR
Fiscal stimulus	Not as much
Monetary stimulus	Strong (but not as much)
Real incomes up	Still strong
Businesses mean and lean	Still strong
Productivity growth strong	Not as strong
Job growth accelerating, albeit slowly	Same
Cheaper dollar means more exports	Same
Inflation (in near term) not a problem	Moving up slowly
Low interest rates	Moving up, but still low

U.S. Economy:
The Glass is Half Full

… But not as full as last year.

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